

SETTLEMENT AGREEMENT

This Settlement Agreement is made by and entered into between the U.S. Department of Housing and Urban Development (hereinafter "HUD" or "Department") and Union National Mortgage Company, a corporation, located at 8241 Dow Circle, Strongsville, Ohio 44136 ("Union"). HUD and Union shall be collectively referred to here as the "Parties."

WHEREAS the Secretary is authorized by Section 19 of the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601, et seq., (hereinafter "RESPA" or "Act") to investigate any facts, conditions, practices, or matters deemed necessary to determine whether any person, as defined in Section 3(5) of the Act, has violated or is about to violate any provision of the Act or any rule or regulation prescribed pursuant thereto;

WHEREAS Section 8(a) of RESPA and the implementing regulations at 24 C.F.R. § 3500.14, prohibit the giving or accepting of any fee, kickback or thing of value pursuant to an agreement or understanding, oral or otherwise, that business incident to or part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person; and Section 8(b) and the implementing regulations at 24 C.F.R. § 3500.14, prohibit the giving or accepting of any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed;

WHEREAS, 24 C.F.R. § 3500.14(g)(3) states that "when a person is in position to refer settlement service business... [and] receives payment for providing additional services as part of a real estate transaction, such payment must be for services that are actual, necessary and distinct from the primary services provided by that person.";

WHEREAS Union is a mortgage lender providing real estate settlement services in connection with federally related mortgage loans;

WHEREAS the Department has conducted an investigation to determine whether Union violated Section 8(a) of RESPA by providing a thing of value to real estate agents for the referral of business;

WHEREAS the Department alleges that beginning in approximately December 2006 and continuing through May 2007, Union organized, promoted, executed, and paid for the "UNM Getaway Referral Drawing" giving real estate agents the opportunity to win certificates redeemable for trips to Las Vegas, Nevada, Orlando, Florida, San Francisco, California, Reno, Nevada, and San Diego, California in exchange for the referral of business;

WHEREAS the Department alleges that Union National received sums of money attributable to the "UNM Getaway Referral Drawing";

WHEREAS the Department alleges that Union offered to pay for joint marketing materials and the mailing of such materials in exchange for the referral of business;

WHEREAS the Department alleges that Union offered to pay real estate agents and brokers for loan origination services that were not "actual, necessary and distinct" from the services provided from their primary service;

WHEREAS, based upon the results of its investigation, it is HUD's position that Union violated Sections 8(a) and (b) of RESPA and the implementing regulations with respect to the practices listed above;

WHEREAS, it is Union's position that its activities and operations were in compliance with RESPA;

WHEREAS Union has cooperated with HUD's investigation;

WHEREAS this Settlement Agreement does not constitute an admission of wrongdoing, liability or legal fault on the part of Union for any conduct underlying this Settlement Agreement, nor shall it be construed as an admission that any person or entity acted wrongfully; and

WHEREAS the Parties to this Settlement Agreement now desire to resolve any disputed claims arising from the investigation underlying this Settlement Agreement and to settle this matter under the terms and conditions set forth below; and

WHEREAS the terms set forth in this Settlement Agreement are appropriate dispositions of this matter and in the public interest;

NOW THEREFORE, in consideration of the mutual promises and representations set forth herein, and in further consideration for HUD's reliance upon the substantial accuracy and good faith of the representations and submissions made to it by Union, the Parties, intending to be legally bound, agree as follows:

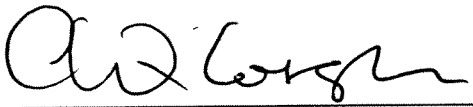
1. The "Effective Date" of this Settlement Agreement means the date on which it has been signed by the last signatory.
2. Union agrees to comply with all provisions of RESPA, its implementing regulations and to conduct business in a manner consistent with all HUD policy statements relating to RESPA.
3. Union agrees not to organize or pay for vacation trips or other things of value for the referral of settlement services.
4. Union agrees not to pay for non pro-rata joint marketing advertising or other such programs that defray expenses typically paid by real estate agents and brokers in exchange for the referral of business.

5. Union agrees not to pay real estate agents and brokers for loan origination services that are not “actual, necessary and distinct” from the primary services provided by the real estate agents and brokers.
6. Union agrees that all compensation paid for loan origination services to a person in position to refer settlement service business who is not employed by Union will be in compliance with the conditions as set forth in HUD’s Statement of Policy, 1999-1, Regarding Lender Payments to Mortgage Brokers and in HUD’s Statement of Policy, 2001-1, Clarification Regarding Lender Payments to Mortgage Brokers.
7. Within thirty (30) days of the effective date of this Settlement Agreement, Union will make a settlement payment of Seventy-One Thousand Five Hundred Fifty-Six Dollars and Seventeen Cents (\$71,556.17), payable to the United States Treasury and delivered to counsel for HUD.
8. Union hereby waives, releases, remits, and compromises any and all claims against the Department, or any of its employees, agents, or representatives, with respect to this matter or this Settlement Agreement.
9. Based on compliance with this Settlement Agreement, the Department will terminate its investigation of Union, and hereby waives, releases, remits, and compromises any and all claims, causes, and actions, direct or indirect, and agrees to take no enforcement action under RESPA or the implementing regulations against Union, its subsidiaries, successors, or assigns, with respect to the business practices described herein, unless such practices recur.
10. By this Settlement Agreement, the parties do not waive, compromise, or release any claims or causes of actions against any other person or entity not expressly released by this Settlement Agreement.
11. Nothing in this Settlement Agreement shall be construed as an admission of wrongdoing, liability or legal fault for any conduct underlying this Settlement Agreement or an admission that any person acted unlawfully.
12. Should Union fail to comply with the terms set out above, HUD may take appropriate enforcement action, and/or refer the matter to other governmental authorities for further action.
13. This Settlement Agreement constitutes the complete agreement between the Parties as to the matter addressed herein. This Settlement Agreement may not be amended except by written consent of the Parties.
14. Each of the Parties shall bear its own costs and attorney’s fees.
15. This Settlement Agreement applies to and binds Union, its subsidiaries and its respective predecessors, successors, directors, officers, employees, agents,

representatives, parents and assigns, and their respective directors, officers, principals, employees, and representatives.

16. Each signatory to this Settlement Agreement warrants that his execution of this Settlement Agreement is duly authorized, executed, and delivered by and for the entity for which he signs.


Union National Mortgage Company:



By: President / CEO
Title

May 20, 2009
Date

U.S. Department of Housing and Urban Development in Settlement with Union Mortgage Company:

By: 

AUG - 6 2009
Date